



FEDERAL ELECTION COMMISSION  
Washington, DC 20463

OCT 28 2016

**Via Facsimile and First Class Mail**  
(214) 756-8104

Paul E. Coggins, Esq.  
Kelly Vickers, Esq.  
Locke Lord LLP  
2200 Ross Avenue, Suite 2200  
Dallas, Texas 75202

RE: MUR 7027  
MV Transportation, Inc.

Dear Mr. Coggins and Ms. Vickers:

On October 25, 2016, the Federal Election Commission accepted the signed conciliation agreement submitted on your client's behalf in settlement of a violation of 52 U.S.C. §§ 30118(a), 30119(a), 30122 and 11 C.F.R. §§ 110.4(b)(1)(i), 114.2(b) and 115.2, provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). Accordingly, the file has been closed in this matter as it pertains to MV Transportation, Inc.

The Commission reminds you that the confidentiality provisions of 52 U.S.C. § 30109(a)(12)(A) still apply, and that this matter is still open with respect to another respondent. The Commission will notify you when the entire file has been closed.

Enclosed you will find a copy of the fully executed conciliation agreement for your files. Please note that the civil penalty is due within 30 days of the effective date of the conciliation agreement. If you have any questions, please contact me at (202) 694-1618.

Sincerely,

  
Kimberly D. Hart  
Attorney

Enclosure  
Conciliation Agreement

RECEIVED  
FEDERAL ELECTION  
COMMISSION

**BEFORE THE FEDERAL ELECTION COMMISSION**

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In the matter of )

MUR 7027

MV Transportation, Inc. )

OFFICE OF GENERAL  
COUNSEL

**CONCILIATION AGREEMENT**

This matter was generated by a joint *sua sponte* submission by MV Transportation, Inc. ("MV" or "Respondent") and R. Carter Pate ("Pate"), MV's former Chief Executive Officer ("CEO"). The submission notified the Commission that MV reimbursed Pate for six political contributions totaling \$43,100 that Pate made to federal candidates and political committees between 2011 and 2013.

The Commission found reason to believe that MV violated 52 U.S.C. § 30122 and 11 C.F.R. § 110.4(b)(1)(i) by making contributions in the name of another. Further, the Commission found reason to believe that MV violated 52 U.S.C. § 30118(a) and 11 C.F.R. § 114.2(b) by making prohibited corporate contributions and 52 U.S.C. § 30119(a) and 11 C.F.R. § 115.2(a) by making contributions as a federal contractor. Reason to believe is a preliminary finding and a statutory requirement to an investigation as to whether there is probable cause to believe a violation occurred.

NOW, THEREFORE, the Commission and the Respondent, having participated in informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree as follows:

I. The Commission has jurisdiction over the Respondent and the subject matter of this proceeding, and this agreement has the effect of an agreement entered pursuant to 52 U.S.C. § 30109(a)(4)(A)(i).

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II. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. Respondent enters voluntarily into this agreement with the Commission .

IV. The pertinent facts in this matter are as follows:

1. MV is a privately held corporation providing passenger transportation services throughout the United States. Since 2008, MV has contracted with the U.S. Department of Veterans Affairs to provide ambulance services and special needs transportation.

2. Pate became CEO of MV in late 2011. In that capacity, he also served on the Board of Directors. Before that, Pate was the Global and U.S. Managing Partner for the Capital Projects, Infrastructure, and Government Practice at PricewaterhouseCoopers. Pate retired as MV's CEO and Board member in September 2014. As of September 2014, however, he continued to work with MV as a Strategic Advisor to the Board. Throughout his career as an executive, Pate had significant experience with federal political campaigns and fundraising.

3. Brad Cornelsen was CFO of MV at the time of the contributions by Pate. According to MV, it terminated Cornelsen's employment in April 2014 for reasons unrelated to the reimbursements at issue in this matter.

4. During MV's internal analysis of executive compensation in April 2014, Pate "reported certain unusual executive bonus payments" to the MV Board. The Board then retained a law firm to conduct an internal investigation "regarding the executive bonus payments and other possible financial irregularities."

5. Through this investigation, the Board learned that between 2011 and 2013, Pate was reimbursed by MV for the following six federal political contributions totaling \$43,100:

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Committee	Amount	Date
RickPerry.org	\$5,000	8/24/11
Mica for Congress	\$5,000	12/5/11
Pete Sessions for Congress	\$5,000	4/24/12
Cantor for Congress	\$500	6/20/12
Romney Victory	\$25,000	9/10/12
Pete Sessions for Congress	\$2,600	9/27/13

6. Pate, as CEO and with the help of his administrative assistants at MV, made the six contributions in his name from his personal checking account. Pate or his assistant would then send a copy of Pate's personal contribution check to Cornelsen for approval and reimbursement by the corporation. Cornelsen approved the six reimbursement requests, and MV's Payroll Department reimbursed Pate for those amounts through payments it categorized as bonuses, which were "grossed up" to account for taxes.

7. Respondent contends that no Board members, executives or officers, other than Pate and Cornelsen, knew that corporate reimbursements for federal contributions had taken place. Respondent also contends that, during its internal investigation, Pate stated his belief that such contributions were within his authority as CEO, and that he did not seek or obtain approval for the reimbursements from the MV Board of Directors, or any MV executive or officer.

8. Respondent contends that MV's *sua sponte* submission voluntarily disclosed the facts concerning Pate's political contributions that were reimbursed by MV through approval by its former CFO. Respondent further contends that MV has provided additional information and documentation requested by the Office of General Counsel that has assisted the Commission in resolving this matter at the pre-probable cause stage. In addition, Respondent contends that its submission reflected a substantial and good faith effort by Respondent to

disclose the facts concerning the reimbursement practices, and the submission was provided before the Commission discovered or was likely to discover the violations.

9. Finally, Respondent contends that it conducted a thorough internal investigation and implemented corrective actions, which include, but are not limited to (a) Pate's repayment to MV of the full amount of the six reimbursed contributions; (b) MV instituting internal controls governing political contributions, including a prohibition on employee reimbursement for political contributions, and review and approval processes for political contributions; (c) retaining outside counsel to review political contributions; (d) hiring a Chief Compliance Officer; and (e) conducting training on political contributions for MV employees:

10. The Commission considered Respondent's voluntary disclosure, cooperation, and corrective action in accordance with its Policy Regarding Self-Reporting of Campaign Finance Violations ("Sua Sponte Submission"), 72 Fed. Reg. 67,16695 (Apr. 5, 2007). The Commission did not make any knowing and willful findings with respect to the Respondent in this matter.

V. The pertinent law in this matter is as follows:

1. The Federal Election Campaign Act of 1971, as amended ("the Act") prohibits corporations from making contributions to a federal political committee other than independent expenditure-only political committees, and further prohibits any officer of a corporation from consenting to any such contribution by the corporation. 52 U.S.C. § 30118(a); 11 C.F.R. § 114.2(b), (e).

2. The Act prohibits any person who is negotiating or performing a contract with the United States government or any of its agencies or departments from making a

contribution to any political party, political committee, federal candidate, or "any person for any political purpose or use." 52 U.S.C. § 30119(a); 11 C.F.R. §§ 115.1, 115.2.

3. The Act prohibits a person from making a contribution in the name of another or knowingly permitting his or her name to be used to effect such a contribution. 52 U.S.C. § 30122; 11 C.F.R. § 110.4(b)(1)(i-ii). The term "person" for purposes of the Act and Commission regulations includes corporations. *See* 52 U.S.C. § 30101(11); 11 C.F.R. § 100.10.

4. Principals are liable vicariously for the acts of their agents committed within the scope of agency. *See* RESTATEMENT (THIRD) OF AGENCY § 7.07; *United States v. Sun-Diamond Growers of Cal.*, 138 F.3d 961 (D.C. Cir. 1998).

VI. Respondent admits to the following violations of the Act:

1. MV violated 52 U.S.C. § 30118(a) and 11 C.F.R. § 114.2(b) by making prohibited corporate contributions.

2. MV violated 52 U.S.C. § 30119(a) and 11 C.F.R. § 115.2(a) by making contributions as a federal contractor.

3. MV violated 52 U.S.C. § 30122 and 11 C.F.R. § 110.4(b)(1)(i) by making contributions in the name of another.

VII. Respondent will take the following actions:

1. Respondent will cease and desist from violating 52 U.S.C. §§ 30118(a), 30119(a), and 30122 and 11 C.F.R. §§ 114.2(b), 115.2(a), and 110.4(b)(1)(i).

2. Respondent will pay a civil penalty of Twenty One Thousand Dollars (\$21,000).

3. Respondents will waive the right to any refund of all contributions referenced in Paragraph IV.5 and 6 of this agreement, and will request that RickPerry.org, Mica

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for Congress, Pete Sessions for Congress, Cantor for Congress, and Romney Victory Committee disgorge the \$43,100 in contributions referenced in Paragraph IV.5 and 6 of this agreement to the United States Treasury. Respondent will inform the Commission when it notifies these committees of its waiver of a refund and its request to disgorge.

VIII. The Commission, on request of anyone filing a complaint under 52 U.S.C. § 30109(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

IX. This agreement shall become effective as of the date that all parties hereto have executed the same and the Commission has approved the entire agreement.

X. Respondent shall have no more than 30 days from the date this agreement becomes effective to comply with and implement the requirements contained in this agreement and to so notify the Commission.

XI. This conciliation agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is not contained within this written agreement shall be enforceable.

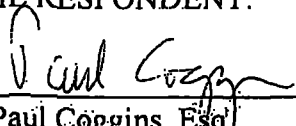
FOR THE COMMISSION:

By: Kathleen M. Guith  
Kathleen M. Guith  
Acting Associate General Counsel  
for Enforcement

10/28/16  
Date

FOR THE RESPONDENT:

By:

  
\_\_\_\_\_  
Paul Coggins, Esq.  
Counsel for Respondent

8/15/16  
Date

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